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OR,

## CURRENCY REFORM.

### A Paper

READ BY

### J. H. HOWELL,

*At the BRISTOL LIBERAL CLUB, February 9th, 1893,*

*MR. CAREY BATTEN in the Chair.*

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**ELEVENTH THOUSAND.**

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BRISTOL:

J. W. ARROWSMITH, 11 QUAY STREET.

LONDON:

SIMPSON, MARSHALL, HAMILTON, KENT & CO. LIMITED.

No. 9

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YIELDING to the wishes of many friends and acquaintances, I have printed the paper on Bi-metallism which I had the honour of reading recently at the Bristol Liberal Club. Not that it claims to be by any means a complete or lucid statement of a very complicated subject, but because its perusal may possibly lead to further inquiry on the part of the reader into a question of vital importance to the whole community.

Should it have this effect, my humble efforts in the cause of Currency Reform will be amply rewarded.

J. H. HOWELL.

CASTLE GREEN, BRISTOL,  
*February, 1893.*

## BI-METALLISM.

MR. CHAIRMAN,

I have accepted the courteous invitation of your hon. secretary to read a paper to-night on "Bi-metallism" with a good deal of diffidence at addressing you on a subject of very great complexity, on which experts differ widely, and which bristles with difficulties and confusing side issues that perplex even the clearest headed and most experienced thinkers and men of business, and in which so much feeling has been evinced that, as Lord Salisbury humorously said at Liverpool, the "bigotry of the schoolmen of the middle ages was as nothing compared to the emotions which are harboured by a person who believes in gold against a person who believes in silver." Why, I cannot conceive.

Nor am I unmindful of Mr. Goschen's remark—that "next to love and theology there is no subject which has driven more people into a lunatic asylum than the currency."

But, as many of you are aware, I have, notwithstanding this threatened fate, taken deep interest in this question, and have, I daresay, been looked upon by my friends as a man with a crank and with the proverbial bee in my bonnet; and, inasmuch as I have preached Bi-metallism in season and out of season, I have no doubt been thought more or less of a nuisance.

Yet, believing as I do that the subject is of supreme importance to every man and woman in this empire, I will continue, as far as I am able, to contribute what little I can towards arousing an interest in it; and I am glad to see that

Bristol is at last awakening to the fact that it is a matter, at least deserving of consideration.

I do not propose this evening to deal very much with the theoretical or scientific aspect of Bi-metallism—that can more profitably and efficiently be discussed by professors of political economy,—but will confine myself mainly to its practical bearing on agriculture, trade, and commerce, as it has presented itself to me in the management of a business, which from its character feels the pulse, as it were, of many branches of industry—from agriculture to steel-making, and from coal and iron mining to cotton-spinning and silk weaving.

First, let me say that I have never liked the word “Bi-metallism,” which, to the average Englishman, may mean anything except what it really is; viz., a much and urgently needed “currency reform.” To the ordinary man whom I meet, and who complains that trade is bad and prices worse, if I reply, “It is largely due to the contraction of the currency,” or “You should study Bi-metallism,” he generally says, “Oh, I know nothing about it! but there’s nothing in it,” and passes on with a shrug, or looks pityingly at me, as though he thinks I have lost my senses.

The general feeling, unfortunately, is that it is a purely academical subject, to be discussed, if you like, in a debating or philosophic society, but as possessing no earthly interest for the practical man of business, whose ideas of prices and values are very naturally governed by trade reports, statistics of stocks, and money articles in newspapers.

This I do not wonder at, because I felt exactly the same for many years, and because for a couple of generations currency questions have not obtruded themselves in England; and it was only after finding, contrary to previous experience, that my judgment was constantly at fault, that I began to cast about for a solution of the puzzle why all that I had learned, and which had guided me so well in the past, seemed to have lost its value, and left me, as it were, like a ship without a rudder or a compass. If you will bear with me for a moment or two, and will not think me

egotistical, I will tell you how I became a Bi-metallist, and possibly my example may prove contagious, with some of you at any rate I hope.

Now, I am sorry to say, I am old enough to remember vividly the panics of 1857 and 1866. Both of these were the result of over-trading, of great speculation, of intense activity, and possibly of recklessness on the part of our financiers, our manufacturers, and our merchants. Failures were numerous, and of great magnitude. Many banks stopped payment. The Bank of England had to suspend the Bank Act. Money was not to be had at any price, and ruin was very general and wide-spread.

But the depression following thereon in trade and prices proved only temporary; and after a pause prices rose, prosperity was restored, activity became greater than ever, and trade, as Mr. Gladstone said in one of his great Budget speeches, advanced by “leaps and bounds” to which apparently there were no limits.

However, after the extraordinary development and expansion of trade and commerce culminating in 1872, 1873, 1874, when prices rose to the highest level of the century, slowly, but surely, a blight seemed to fall upon everything, and the rebound which followed 1857 and 1866 did not recur.

On the contrary, prices fell steadily and almost continuously,\* general stagnation prevailed, and at last, so deep was the depression, that a Royal Commission was appointed to inquire into its cause; and out of that Commission sprang what was the only useful or practical outcome of its deliberation; viz., another Royal Commission on Gold and Silver.

Previous, however, to this a debate took place in the House of Lords, instituted, if I remember rightly, by Lord Bateman, who advocated Protection as a remedy; and in that debate Lord Beaconsfield, after dealing exhaustively

\* It is true we have had one or two moderate reactions of a favourable character, but oddly enough they almost synchronised with the coming into operation of the Bland and Sherman Acts in the U.S.A., both of which gave a lift to silver as currency; but the fall was only temporarily arrested, and is still glacial in its character.

with the arguments of Lord Bateman and others, made use of the much quoted phrase, "Reciprocity is dead," and proceeded: "Gold is every day appreciating; as it appreciates the lower become prices. It is not impossible that, as affairs develop, the country may require that some formal investigation should be made of the causes which are affecting the values of the precious metals and the effect which the change of value of the precious metals has upon the industries of this country and upon the continued fall of prices."

Before this, in 1873, in his inaugural address as Lord Rector of Glasgow University, he had said: "I attribute the monetary disturbance which has occurred, and is now to a certain extent acting very injuriously upon trade—I attribute it to the great changes which the Governments of Europe are making in reference to their standards of value. *Our gold standard is not the cause, but the consequence of our commercial prosperity.* It is quite evident that we must now prepare ourselves for great convulsions in the money market—not occasioned by speculation, or any of the old causes which have been alleged, but by a new cause with which we are not sufficiently acquainted."

The reading of those speeches, and of an address by Mr. Goschen at the Institute of Bankers on "Some Effects of the Appreciation of Gold," followed by one by Mr. Giffen on the same subject at the Statistical Society, and by a masterly article by Mr. Moreton Frewen, in the *Nineteenth Century*, on "Gold Scarcity, and the Depression in Trade," was a series of revelations to me, tearing away, as it were, a veil from my eyes—the true and underlying cause of the fall in prices and the depression in trade was made apparent, and my course has been as clear to me ever since as it was clouded and uncertain before this great enlightenment.

Thus I became a Bi-metallist, but not before I had carefully read both sides of the question, and notably a work entitled *The Bi-metallic Controversy*, in which the champions of currency reform had all the best of the argument, and, indeed, eventually converted such doughty opponents as the late Professor Bonamy Price and Lord Sherbrooke.

### Now, what is Bi-metallism?

It is, in the words of the president of the Bi-metallic League, Mr. H. Hucks Gibbs,\* an ex-governor of the Bank of England, a proposal to establish by law—

1st. That the mints of the leading nations in the world should be open to the coinage of all gold and silver brought to them.

2nd. The gold and silver to be coined into legal tender money; the quantity of pure silver in the silver coins to bear such proportion to the quantity of pure gold in the gold coins as may be agreed upon by the high contracting parties.

3rd. The debtor, saving any previous stipulation to the contrary, to have the right to pay his debt in coins of either metal at his pleasure.

The main object of this law being to establish, as it always has done, an approximate par of exchange between silver and gold moneys all over the world.

**Is this practicable?** and, if so, is it desirable? These are the questions which we are to consider and discuss this evening.

Before proceeding thereto let me briefly mention what are the functions of money, and the duty and prerogative of the State in regard to its coinage.

### Money is, according to Jevons,—

- 1st. A medium of exchange.
- 2nd. A common measure of value.
- 3rd. A standard of value.

The duty of the State is to provide a good, ample, and stable currency for its subjects, which will not only be an instrument of exchange and a common measure of value, but will be "a fair and permanent record of obligations over long periods of time." If, by its own legislation, it does ought to interfere with these conditions, it fails in its duty; and if the legislation of other countries has this effect, its

\* Mr. H. Hucks Gibbs was the colleague of Mr. Goschen as one of England's representatives at the International Conference in Paris in 1878.

duty is so to regulate its own currency as to prevent injury to its subjects in consequence thereof.

**Now, what is the history of the currency in England?** Briefly as follows:

Speaking generally, from 1257 to 1797 gold and silver formed legal tender in this country to any amount. From 1663 silver was the standard, and gold (the guinea) was rated to it. From 1797 to 1816 we had an inconvertible paper currency; and in 1816 a gold standard was adopted, silver being legal tender up to 40s. only. By the Bank Act of 1844 this was confirmed, the Bank being empowered to issue uncovered notes to the extent of about sixteen millions against the Government debt, and to issue no other notes unless covered by the coin and bullion in its vaults, one-fifth of which might be silver, but this latter provision has practically never been availed of.

**Silver** was, and is, however, the currency of India; but gold is the currency of our principal colonies.

**But from the year 1803 to 1873** France had a bi-metallic system, her mints being open to all comers for the coinage of gold and silver in any quantity at a ratio of  $15\frac{1}{2}$  of silver to 1 of gold, both silver and gold being legal tender to any amount.

**In 1865** France was joined by Belgium, Italy, Switzerland, and Greece, and formed what is called the Latin Union, the object of that Union being to permit the coins of each nation to circulate freely in either country the one with the other as full legal tender. That Union still exists, and within its area silver is full legal tender to any amount this day.

**In 1873** the United States—previously bi-metallic, but then, after its tremendous civil war, with an inconvertible paper currency—demonetised silver (by a fraud on the part of certain senators, according to Mr. Alexander del Mar); and Germany, having exacted from France a war indemnity of 200 millions, determined to adopt a gold standard, Prince Bismarck having been persuaded by his advisers that Eng-

land's commercial supremacy was due to her gold standard, and began to pour her demonetised silver into France, who, alarmed perhaps at the prospect of losing her gold to her hated rival and conqueror, and smarting under her defeat, closed her mints to the free coinage of silver, as did subsequently the other members of the Latin Union; and the currency troubles of England and her empire began.

**Previous to 1873**, notwithstanding that England had been since 1816 on a gold basis, with silver as a subsidiary or token coinage only, we enjoyed all the advantages of the bi-metallic system of France, and conducted our business with India, China, Japan, and all silver-using countries, numbering two-thirds of the people of this world, and our best customers, with ease and satisfaction, exchanging their silver for gold or gold for silver at a ratio of  $15\frac{1}{2}$  to 1 through the clearing house of the French mint, although at times the production of silver was enormously in excess of gold and at others exactly the reverse. (*See Appendix.*)

We, in fact, as Professor Foxwell has recently said, were as unconscious of the existence of this bi-metallic law under which we were prospering as of the weight of the atmosphere, or, as I would put it, as one in the enjoyment of vigorous health is of the circulation of the blood.

**But from that time** we have learnt, by bitter experience, what an imperfect system our single gold standard is, and how terribly our trade with all silver-using countries has suffered by losing the par of exchange which France's open mint afforded us.

In fact, as Mr. Balfour, in his great speech in Manchester in October last, said: "In the great and fundamental requirements of a currency our existing currency totally and lamentably fails."

**For what is our position?** We have in our Empire 300 millions of fellow-subjects whose standard and currency is silver—the rupee, which, with very slight variations, was of the value of about 2s. in England down to 1873. We supplied her (India) with our manufactures, taking her rupees in payment at the rate of about ten to the sovereign, and

transacted our enormous import and export business with her with the same certainty and satisfaction as to payment as with Paris or New York at the present time.

If we wanted large quantities of silver for her, as we did during the Mutiny and the cotton famine, and at other times, we obtained it through the French mints, at  $15\frac{1}{2}$  to 1; or if, on the contrary, we wished to exchange silver for gold, we did it at the same ratio.

Occasionally, owing to special demand, a slight premium was demanded on one or the other, called an "Agio," but this was always strictly limited, and of inappreciable extent.

(In passing, I may say, in anticipation of criticism hereon, that at the present moment, and for the last few months, gold has been at a premium in London, both bars and coins being from 1d. to 3d. per ounce over the Bank price of £3 17s. 9d. per ounce, and that it consequently finds its way to France, Germany, and Austria.)

So with China, Japan, or South America. We effected all our exchanges at that ratio, no matter whether the demand was for the one metal or the other, and no uncertainty or inconvenience was felt by us or them; the wheels of exchange ran easily and smoothly, oiled as they were by the Bi-metallic system of France.

But since that fatal year we have refused to take our fellow-subjects' money—bearing the image and superscription of our Queen—except as a merchandise or a commodity, fluctuating violently in value day by day, the rupee falling in London from 2s. until it has touched 1s. 2½d., and reducing our trade with her and all other silver countries to simple barter, throwing everything into a state of confusion, and producing a spirit of reckless gambling in exchange ruinous and repugnant to the honest manufacturer and merchant, and utterly subversive of commercial morality.

Only a few months ago the President of the Royal Exchange in Manchester, at the annual meeting, expressed his regret that whereas in former times, when the merchant or cotton-spinner entered the building, the natural question

was "What is the price of cotton?" it was now, he said, "What is the price of silver?" and that it induced a spirit of gambling which he deeply deplored.

### What are the effects of this Demonetisation of Silver—this rupture of the Par of Exchange?

Time will not permit me to mention more than a very few of them; but all are alike injurious, and to some of our industries, especially in the agricultural districts and in Lancashire, well-nigh disastrous.

First. Silver having been demonetised, and gold adopted as the standard by Germany, the United States, and Italy, gold has appreciated enormously in value; because, concurrently with the increased demand for it for coinage, owing to the displacement of silver, its *supply has fallen off also*,\* and to the extent that it has replaced silver it has to do a double duty.

This has shown itself in a general fall of prices, which, according to the best authorities, including Dr. Giffen, Mr. Goschen, Professor Sauerbeck, Professor Soetbeer, the *Economist*, and others, amounts to 35 or 40 per cent. According to Sauerbeck, whose index numbers were accepted by the Royal Commission on Gold and Silver as correct, the fall in prices of 45 leading commodities is almost parallel with the fall in silver—*proving that it is gold which has appreciated in relation to them all, silver included*; and not that silver has depreciated in its relation to commodities, as some assert, the truth being that silver has shown itself to be the stable currency, while gold has not. (*See Appendix.*)

This brings me to a principle in the science of money which is called the "Quantity Law," and is thus described

J. Stuart Mill: "That an increase in the volume of money raises prices, and a diminution lowers them, is the most elementary proposition in the theory of currency, and without it we should have no clue to any of the others."

\* The production in 1852 was £36,000,000  
 " 1874 " 18,000,000  
 Rising in 1892 to about £24,000,000.

Adam Smith, a century ago, said that the average price of corn is regulated by the richness or barrenness of the mines which supply the precious metals.

Sir James Graham, in his work on *Corn and Currency*, said the same; so also did Wm. Cobbett and others.

Professor Fawcett's favourite illustration was: "Imagine two piles of unequal size—the one pile representing the money, the other pile representing the commodities of the world. If the pile of money was much smaller than the other, commodities would be cheap; but reverse the position, and commodities would be dear."

Our esteemed fellow-citizen, the United States Consul, some years ago, when the Bi-metallic controversy was raging in the local press, put it thus: "Suppose all the money in the world to be on one side of the river Avon, and all the commodities which it purchased on the other. Obviously, if from any cause the volume of the money were to be reduced, the prices of the commodities would fall proportionately; and if one-half were to disappear into space, the prices of the commodities would fall exactly to one-half also."

This is so fundamental a proposition that it is useless to argue the question at all if this be disputed, as it is the key to the whole matter.

It is contended by some that commodities measure the money; but this is putting the cart before the horse with a vengeance. It is as if one asserted that a bale of cloth measured the yard-stick, or a cart-load of wheat measured the bushel, which is absurd.

Now it is estimated that there is about an equal quantity of coined gold and silver in the world. Some put it at about 800 millions of each, and others at a higher figure; and, as I have already said, all this silver and gold were in circulation, and treated as good money, at a ratio of 153 to 1, fluctuating very slightly according to the balance of trade and to varying demands, down to 1873.

But since then the whole of this coined silver for *international purposes* has lost its status as money—good money

that will stand the test of the melting-pot, and be worth as much in its bullion as in its coined form.

*Therefore the quantity of money in the world has been reduced by legislation in Washington and Berlin by about one-half for international purposes; and gold has, as a matter of course, increased in purchasing power exactly in accordance with the Quantity Law referred to.*

The results were inevitable, and were foreseen and predicted by Wolowski and Ernest Seyd, who wrote in 1871 the following remarkable prophecy:

**"Remarkable Prediction in 1871.  
Verified in 1892.**

"The following remarkable prediction, by the late Mr. Ernest Seyd, in 1871, as to the effects of the demonetisation of silver—two years before Germany (previously Silver) and the United States of America (previously Bi-metallic) changed to a Gold standard of value, and the Latin Union stopped the unrestricted coinage of silver—will be read with much interest *in view of its confirmation by the current events of to-day*:

"It is a great mistake to suppose that the adoption of the gold valuation by other States besides England will be beneficial. It will only lead to the destruction of the monetary equilibrium hitherto existing, and cause a fall in the value of silver, from which England's trade and the Indian Silver valuation will suffer more than all other interests, grievous as the general decline of prosperity all over the world will be.

"The strong doctrinism existing in England as regards the gold valuation is so blind that, when the time of depression sets in, there will be this special feature: The economical authorities of the country will refuse to listen to the cause here foreshadowed; every possible attempt will be made to prove that the decline of commerce is due to all sorts of causes and irreconcilable matters. The workman and his strikes will be the first convenient target; then speculation and over-trading will have their turn. Later on, when foreign nations, unable to pay in silver, have recourse to Protection, when a number of other secondary causes develop themselves; then many would-be wise men will have the opportunity of pointing to specific reasons which in their eyes account for the falling off in every branch of trade. Many other allegations will be made totally irrelevant to the real issue, but satisfactory to the moralising tendency of financial writers. The great danger of the time will then be that, among all this confusion and strife, England's supremacy in commerce and manufactures may go backwards to an extent which cannot be redressed, when the real cause becomes recognised, and the natural remedy is applied."

We have been, in fact, passing through the experience foretold by Seyd, and are now approaching an acute stage in the economic crisis.

Agriculture is in a state of despair, if not of threatened dissolution: as witness the great gathering in our midst to-day,\* where the dominant note is one of extreme dejection and despondency. Millions of acres of arable land gone out of cultivation; hundreds of country houses shut, their owners being unable to keep them going; thousands of farms vacant, and the labourers driven into the big towns to swell the numbers of the unemployed and to reduce the level of wages; the Board of Trade reports showing a falling off of over 25 millions in our exports and imports for 1892, and the Bankers' Clearing House in London showing a reduction of 400 millions as compared with 1891, and of nearly 1,400 millions with 1890. A million tons of shipping lying idle, with their crews discharged; a strike of 50,000 or 60,000 cotton operatives for the last fifteen weeks in Lancashire against a reduction in wages; huge iron and steel works, employing scores of thousands of hands, standing gloomy and silent, without any near prospect of their being restarted; a threatened strike in South Wales of 100,000 colliers, because of the steady fall—amounting already to 30 per cent.—in their wages; labour angry and dissatisfied, Socialism spreading, and evidences of the decline of prosperity all around us.

What is the cause of this creeping paralysis, this blighting of our commercial and industrial health? On all hands it is admitted to be the

#### Fall in Prices.

What is the reason of this fall?—a fall confined to gold countries only, there being no fall of prices in silver using countries. We are told by many it is due to protective tariffs abroad, to over-production, to excessive stocks, to greater facilities of transport, to triple expansion engines, to cheapening in the methods of manufacture, to strikes and what not; to everything, in fact, as predicted by Seyd, except the true cause, which, as I believe, is the contraction of the currency.

\* Lord Winchelsea's meeting.

Now, no sensible man, be he Bi-metallist or Mono-metallist, will deny that cheapness, if the result of abundant harvests or of increased facilities of production, is good; it leads to increased consumption, and that, in its turn, means prosperity to the producer, whether employer or employed.

But if that cheapness is brought about by a change in the measure of values—the result of legislation,—if, in fact, the measure is appreciating, then cheapness becomes an evil and the industrial world suffers, at first through the employers, in loss of profit, but eventually through the employed, whose wages or total earnings are lowered, and in the final extinction of great branches of industry.

Hume, in his *Essay on Money*, says: "If money depreciates and prices rise, everything takes a new face. Labour and industry gain life, the merchant becomes more enterprising, the manufacturer more diligent and skilful, and even the farmer follows his plough with greater alacrity and attention. If it appreciates and prices fall, then poverty, beggary, and sloth are easily foreseen."

But when we examine these alleged reasons more closely, what do we find?

"From the year 1848 to 1873 there was a steady rise in prices, amounting to nearly 40 per cent., concurrently with immense improvements in machinery and great developments of transport, and it is absurd to suppose that the fall which has since occurred, and which has taken us below the average of 1845-50—the lowest hitherto in the century—is simply owing to a continual development of cheap machinery and cheap transport."\*

#### Is there an increase generally in Stocks?

Saving for the moment in wheat and flour, due to special and abnormal causes, I know of none; and if it is asserted that cheap transport is the principal cause of the low price of wheat, *how is it that the price has fallen in the Western States of America?* I admit that low freights mean relatively cheap wheat in Liverpool or London, to the extent, that is, of the

\* Speech by S. Smith, Esq., M.P., in Manchester.

difference between high and low freights; but I fail to see how this factor will account for the ruinously low prices which the Western American farmer is receiving in Duluth or Chicago. He knows too well the cause, and I am not without hope that the British farmer will also ere long.

Take pig iron: The stock in Connall's stores in Glasgow and Middlesbro' was:

|         |                 |               |               |
|---------|-----------------|---------------|---------------|
| In 1889 | 1,298,000 tons; | the price was | 60/4 per ton. |
| In 1892 | 557,000 "       | "             | 41/8 "        |

The stock of copper in 1889 was 105,000 tons, price £60 per ton; in 1892 it was 55,000 tons, at £45 per ton. So with other leading commodities which I could name if time permitted. I see no evidence of excessive stocks, but rather of a general diminution of consuming power than of over-production. Are low prices, then, an unmixed benefit? If these are the result of appreciation of gold, I say emphatically *No*. All history attests the truth of this.

"Long periods of *dwindling* prices have invariably been periods of national distress. The terrible fall of prices which succeeded the resumption of specie payments in gold after our wars with France, and which went on with little interruption from 1823 till 1848, was the dreariest period of modern English history. There was more widespread suffering, more social discontent, more strain and friction than in any previous period; there were times when the country was not far from social revolution. The reason is obvious: our enormous money burdens, including the National Debt, were immensely enlarged in value, the quantity of the products of labour which was needed to defray the money charges was double in 1848 what it was in 1810, when prices were at the highest; for every 1,000 quarters of wheat, or every 1,000 tons of iron, or every 1,000 yards of cloth, which went to pay charges in 1810, just double the number were required in 1848.

"Then came the lightening of all those burdens from 1848 to 1873, the years of the great gold discoveries in California and Australia, when hundreds of millions were poured out upon the world, stimulating enterprise in every conceivable way.

"Who would be so foolish as to assert that the country suffered because prosperity enormously increased in value from 1848 to 1873?

"Did the labourer or artisan suffer whose wages rose 50 or 60 per cent., while working hours were reduced? Did the merchant and manufacturer suffer whose profits were so large that capital increased by leaps and bounds? Did the farmer suffer whose produce rose after Free Trade was introduced, owing to the extraordinary prosperity of our manufacturing towns? Did the landlord suffer whose rents rose 20 to 30 per cent.? Did anyone suffer except annuitants, fundholders, and mortgagees? But even these classes had this compensation, that it was far easier for them to enter into profitable trades, if they chose to do so, and much easier for them to find employment for their families."\*

Let me ask those persons who hold that low prices are the sole cause of prosperity, Who have gained by the collapse of the last few years? Is it the labouring class, whose wages have fallen, and are falling, and whose employment has in some trades been so irregular and uncertain that the funds of the Trade Unions are exhausted by claims for relief? Is it the manufacturer, whose profits have been reduced to zero, and whose struggle for existence has killed off all but the strongest and best equipped? Is it the farmer or landowner, who are in the very depths of despair, and crying aloud for Protection as a cure for their woes?

If low prices are the *summum bonum*, the be all and end all of existence, it follows that India and China are to be preferred to the United States and the Colonies, the very paradise of the working classes.

But no one here will, I think, assert this.

If fixed charges, rates, taxes, rents, interest on mortgages, and other obligations fell *pari passu* with the fall in commodities, the matter would be different, no one could complain; but the tremendous extra burden which the producer has to bear as prices of his products fall, while standing charges remain stationary, or advance, is a burden too heavy to be borne.

\* Mr. S. Smith, M.P., speech at Manchester.

We now come to the direct effect which this dislocation of the par of exchange between gold and silver using countries has upon English agriculture and manufactures, and upon India as regards its trade, its public finances, and the British residing there.

Silver, though only a commodity in England, is still, as I have said, the standard and currency in India, where it retains its full purchasing power. The rupee is still worth about 2s. there, while in England it has fallen to 1s. 2½d. therefore India, in order to break this ruinous fall in exchange, pays her debts as far as she can in produce instead of rupees, and hence the growth of wheat has been largely stimulated. This wheat she can deliver in Mark Lane *at silver prices*; therefore, if her merchants get what is, I believe, practically 8 ozs. of silver for a quarter of wheat, they are content, no matter what the London price of silver may be. Thus, if silver were, as it used to be, 5s. per oz., it would mean 40s. per quarter in London; and if 3s. 3d., the equivalent would be 26s. per quarter; and as the lowest price governs the market rate, it follows that if India can place sufficient wheat on the market, she can reduce values to her level. This is precisely what has happened.

Therefore the British and American farmer have to compete with wheat grown in silver countries, upon which there is practically a bounty of more than 30 per cent. at the present time, and hence the depression in agriculture. This is disputed by some people, I know, who say there is no "bounty." But I won't quarrel about a phrase, and will call it an *advantage* of 30 per cent., which comes to the same thing exactly.

**Per contra.** The Indian, finding his rupee is worth only 1s. 2½d. in Manchester, is driven to erect his own cotton mills in Bombay and Lucknow, where there are more than a hundred of the finest mills in the world, thoroughly equipped, and producing all but the finer sorts of cotton, the owners of which receive payment in their own currency, losing nothing by exchange.

Not only so, but they are developing an enormous trade

with China and Japan, which are also silver countries, whose money is converted into rupees without loss to the Indian exporter, and are rapidly displacing English cotton goods in those countries, as the following figures will show.

The exports of cotton yarn from England to China, Hong Kong, and Japan were as follows:

|             | Lbs.       |
|-------------|------------|
| 1876 ... .. | 29,838,495 |
| 1886 ... .. | 26,939,400 |
| 1888 ... .. | 44,642,600 |
| 1890 ... .. | 38,057,500 |

From India to China, Hong Kong, and Japan:

|             | Lbs.        |
|-------------|-------------|
| 1876 ... .. | 6,596,129   |
| 1886 ... .. | 88,641,940  |
| 1888 ... .. | 109,902,834 |
| 1890 ... .. | 145,112,800 |

Thus in 15 years, while shipments from England have decreased, those from India have increased from 6½ millions to 145 millions of pounds; and even of the business we retain it is only in the finer qualities, which she does not yet spin, but will assuredly later on.

It is asserted, I know, that this displacement of English cotton by Indian is due to the fact that her mills are in close proximity to her own cotton fields and markets, and that her labour is infinitely cheaper than English.

But after an exhaustive enquiry by the Manchester Chamber of Commerce, extending over many months, the report was finally adopted, in December, 1888, that while India enjoyed these advantages, they were set off by the increased cost of English steam coal, machinery, and European supervision, and the comparative inefficiency of her (Indian) labour; and that England could compete successfully with her, were it not for the practical bounty she enjoys of 30 per cent. in exchange.

To meet this bounty-fed competition, Lancashire has to reduce her prices to the Indian level; and as three-fourths of the total export trade of Lancashire is to silver-using countries, the consequences to her are so serious that, according to Mr. S. Andrews, the Secretary of the Associated

Oldham Limited Companies, the owners of 101 of the finest and most perfectly equipped cotton mills in the world, the dividends paid from 1876 to 1891 averaged only 3.4 per cent., "and this does not take into account depreciation of stock or loss of capital," which, according to Mr. J. C. Fielden, of Manchester, a well-known authority, represents 30 or 40 per cent., leaving about 1 per cent. per annum as profit during the last 15 years.

Nor is cotton the only instance. Bengal is killing the jute trade of Dundee, and Chili the copper trade of Australia and Cornwall.

Again, **take Bar Iron.** In 1870, a ton of Welsh bar was £7, for which, at 2s. per rupee, the Indian would pay 70 rupees.

It is now £5 5s. per ton, and the rupee being under 1s. 3d., the Indian must pay 84 rupees.

Thus the Welsh ironmaster gets £1 15s. per ton less, while the Indian has to pay 14 rupees more.

This is an exchange puzzle I present to my Mono-metallist hearers for their consideration.

Is it any wonder the export bar-iron trade is declining, and that orders cannot be obtained bearing a profit? Only recently a friend of mine, the manager of one of the few remaining Welsh iron works, called on me, and said: "You have often talked to me about silver affecting the iron trade, and now I am convinced you are right. I was in London a few days ago," he continued, "and an order from India was offered me for 2,500 tons of bars at so low a figure that I could not see a fraction of profit. I slept over it, and being very slack, I called at the merchant's office in the morning, and said I would accept it; but in this brief interval exchange had fallen 4d., and the merchant could not exceed his limit. So, as it meant a dead loss, I had to refuse it, and our mills were idle in consequence."\*

Need I say my friend is now a Bi-metallist?

\* The exports of iron bars, angles, and rods to India and China were in 1888, 50,221 tons; in 1892, 35,901 tons.

Total exports of Iron and Steel—1889, 4,188,388 tons.

|   |   |   |                   |
|---|---|---|-------------------|
| " | " | " | 1890, 4,001,430 " |
| " | " | " | 1891, 3,240,146 " |
| " | " | " | 1892, 2,740,217 " |

An amusing case came under my notice a few weeks ago. I met a metal merchant in this city, who asked my opinion about the iron market, and incidentally mentioned that "things were very bad, and that he had about 100 tons of old horseshoes which he could not sell except at a loss, owing to the fall in exchange." "How is that?" I said. He replied: "I sell these old horseshoes in large quantities for the China market, where they are used for making razors, the Chinese being the greatest shavers on earth; and, owing to the fall in silver, the merchant's limit is passed, and business is impracticable except at a loss."

One more instance, showing how this exchange difficulty permeates and affects every kind of industry from great things to small. There is a gentleman in this room of very large banking experience in India, who will, I hope, join in the discussion presently. He tells me that, having to return to reside in England, he cast about him in every way to find some means of avoiding the ruinous loss of 30 per cent. involved in converting his rupees into sovereigns; and amongst other methods, he hit upon one which will surprise you. He had his furniture made in India, for which he paid rupee prices, saving 8d. per rupee, and brought it in sections to England to save freight. And thus an order for furniture was lost to Trapnell's, or Laverton's, or Smith's, which, but for this exchange difficulty, would have been executed in Bristol, to the benefit of our upholsterers and their artisans.

I could multiply these cases by the score, but time will not permit. You will, however, see how subtle, insidious, far-reaching, and unsuspected this economic disease is, and how it is sapping our commercial and industrial existence.

As to its effect upon the finances of India, Sir David Barbour, the Finance Minister of India, said in July last.

"The effect on Indian finance of the want of a common standard with the rest of the Empire is deplorable. In the estimates of the current year I had to provide for an additional charge of 1,700,000R. on account of the fall in

exchange; for next year I anticipate a further charge of 1,500,000R. (R. @ 2/- the rupee = £1 sterling.)

"If there is a surplus, I am afraid to recommend the remission of taxation, as a week may see the surplus disappear. If there is a deficit, I cannot propose taxation, as a turn of the wheel may convert a deficit into a surplus.

"In public, as in private finance, such a state of things produces a certain amount of recklessness which is not favourable to economy. Whether we are economical or the reverse, the question of a surplus or a deficit depends, not on any action of ours, but rather on the course of exchange, and the course of exchange depends on we know not what."

I would here mention that this year the Government of India has to pay 17 millions sterling in London for interest and charges, to do which it must remit 24 millions in rupees. So that Sir D. Barbour, in despair of the situation, has intimated his desire to retire from an impossible position.

As to the British residents, whether military or civil servants, their case is deplorable. If a man wishes to remit £100 to England to pay a debt, to make a necessary purchase, to pay for his children's schooling, or for his wife's passage money, he has to hand over to the Calcutta or Bombay or Madras banker, 1,600 rupees instead of 1,000; and as to the merchant, hear what Sir D. Barbour says:

"The continuance of the present state of things is ruinous to Indian interest; the fluctuations in exchange affect our foreign trade most injuriously; the theory that the evil effects of such fluctuations can be eliminated by the exchange banks is not supported by facts. For example, a merchant in Calcutta may simultaneously buy piece goods in Manchester, sell them in India, and fix his exchange, but if exchange rises, say, 20 per cent. before the goods are paid for in India, the Indian purchaser finds that others can import the same goods 20 per cent. cheaper, and undersell him to that extent.

"In such case the Indian trader either suffers a ruinous loss, or he breaks his engagement and refuses to take delivery.

"I enclose copy of a petition by native traders in Kurrachee, which shows how seriously they feel the evils from which we suffer. And I may say generally, that merchants and bankers in India are very much disheartened and thoroughly dissatisfied.

"The extent to which their opinions have turned in favour of Bi-metallism is remarkable, though on the Bombay side there is a strong party in favour of maintaining the status quo, in consequence of the belief they entertain that a silver standard and a falling rupee give them an advantage over Lancashire.

"But, unfortunately, this conversion to a belief in Bi-metallism is accompanied with a feeling of helplessness, as it is feared that the opposition of England will stand in the way of a satisfactory international agreement.

"On this account many men in India begin to contemplate the establishment of a gold standard, arguing, I believe, that the gold standard would either prove a remedy for the evils from which they suffer or that it would produce a state of things which would force on international Bi-metallism.

"There are many thousands of miles of railway that might be made in India with great advantage to the country, which would at once return a moderate rate of interest on the capital, and which would ultimately pay well. The fear of a fall in silver, however, stands in the way of their construction. If it was probable that these railways would return a large percentage of profit at once, they would, no doubt, be constructed, whatever the Indian standard of value might be; but with the small, though certain, profit which Indian railways are likely to return for the first few years, the risk of investing capital in a country with a silver standard deters the prudent investor, while such railways have no attraction for the more speculative.

"Meanwhile English capital flows into fraudulent companies, and is lent to foreign states where bankruptcy is only a question of time."

### What is the remedy?

We say "international" Bi-metallism is the only scientific, rational, and complete remedy, and that all others are vain and illusory. We say that if all the leading nations in the world—viz., Great Britain, France and the Latin Union, Germany and the United States of America—agree to open their mints to the free coinage of gold and silver at a fixed ratio, these troubles will cease, **bottom will be touched**, trade will be conducted with as much certainty between gold and silver countries as between London and Paris or New York; that silver, being once more recognised as good international money, as good in one country as another—standing the test of the melting-pot,—the volume of efficient money will be almost doubled; that confidence will be restored; that the development of silver countries will recommence with the aid of British capital; that thousands of miles of railways will be at once built in India and South America; that the silver countries, being free from high protective tariffs, will be our very best customers; that our steel mills, now idle, will be overflowing with orders for steel rails, our locomotive builders with orders for engines and railway plant and materials; that the ruinous competition with the British farmer will cease; that land will go into cultivation again; that a gradual and steady rise in prices will ensue, owing to *increased and healthy demand*, and that for generations to come a stable standard of value and exchange will exist between all civilised countries, and that the prosperity which marked the era of the great gold discoveries will once more prevail; that we shall hear less and less of Protection as a remedy for our distressed industries, and that the walls of high tariffs in other countries will gradually but surely disappear.

We are at the parting of the ways. The Brussels Monetary Conference, the third of its kind summoned since 1878, attended by the representatives of twenty nations, has been adjourned until the 30th May.

If England persists in her fanatical opposition to this urgently needed currency reform—a reform in which she has

more vital interest, with her 300 millions of silver-using subjects, than any nation under the sun,—it is absolutely certain that the Conference will prove abortive, that America will repeal the Sherman Act, under which she has purchased for two years or more 4½ million ounces of silver per month, and that India will close her mints to the coinage of silver or adopt a gold standard with or without a gold currency. This will cause a further serious fall in silver and a corresponding rise in gold, the consequences of which no man living can measure. I see no reason why prices of all commodities in that event may not fall another 30 per cent., and what that would mean I leave you to imagine.

But I will call a hostile witness as evidence, a pronounced Mono-metallist, one of the British official representatives who is supposed to have been the mouthpiece of the British Government, Mr. A. de Rothschild, who said at Brussels in December last: "If this Conference breaks up without arriving at any definite result, there may be a depreciation in the value of silver frightful to contemplate, and out of which a monetary panic may arise the far-spreading effects of which it is impossible to foretell."

Archbishop Walsh, of Dublin, who is supposed to control the seats of 70 or 75 Irish M.P.'s, wrote about the same time: "The question there under discussion (Brussels) lies at the very root of our Irish land question. If the bi-metallic view as I have stated it is sound, then to continue on our present lines means absolute ruin sooner or later to the whole agricultural body in Ireland. Whether that view is sound or not, there is the *significant* fact that eighteen Governments have felt themselves called upon to send representatives to an International Conference."

I may say the Bi-metallists have for many years pointed out that the agrarian difficulty in Ireland is largely due to this currency question, to which opinion Archbishop Walsh is a recent and distinguished convert: and when Mr. Gladstone relegated political economy to Saturn or Jupiter and established Land Courts for fixing fair rents in Ireland, he unconsciously laid a burden on the shoulders of the tenant

farmers which they have found intolerable, owing to the continued fall in prices; and a readjustment of rents is now demanded, and not unreasonably, by them in consequence.

### Is this remedy of Bi-metallism practicable?

I again appeal to hostile witnesses, and reply in the words of the Mono-metallic members\* of the Royal Commission on Gold and Silver:

Sec. 107. "We think that in any conditions fairly to be contemplated in the future, so far as we can forecast them from the experience of the past, a stable ratio might be maintained if the nations we have alluded to † were to accept and strictly adhere to Bi-metallism at the suggested ratio. We think that if in all these countries gold and silver could be freely coined, and thus become exchangeable against commodities at the fixed ratio, the market value of silver as measured by gold would conform to that ratio, and not vary to any material extent."

Sec. 119. "Apprehensions have been expressed that if a bi-metallic system were adopted gold would gradually disappear from circulation. If, however, the arrangement included all the principal commercial nations, we do not think there would be any serious danger of such a result.

"Such a danger, if it existed at all, must be remote. It is said, indeed, by some that if it were to happen, and all nations were to be driven to a system of silver mono-metallism, the result might be regarded without dissatisfaction.

"We are not prepared to go this length, but at the same time we are fully sensible of the benefits which would accrue from the adoption of a common monetary standard by all the commercial nations of the world; and we are quite alive to the advantage of the adoption by these nations of a uniform Bi-metallic standard as a step in that direction."

While the Bi-metallic members‡ of the Commission reported as follows:

Sec. 30. "It appears to us impossible to attribute the concurrence of these two events to a merely fortuitous coincidence. They must, in our opinion, be regarded as standing to each other in the relation of cause and effect.

"We cannot, therefore, doubt that if the system which prevailed before 1873 were replaced in its integrity, most of the evils which we have above described would be removed; and the remedy which we have to suggest is simply the reversion to a system which existed before the changes above referred to were brought about—a system, namely, under which both metals were freely coined into legal tender money at a fixed ratio over a sufficiently large area.

\* Mono-metallic Commissioners:

Lord Herschell, Sir John Lubbock, M.P., Mr. J. W. Birch,  
Sir C. W. Fremantle, Sir Thomas Farrer, Mr. Leonard H. Courtney, M.P.†

† Mr. L. H. Courtney, M.P., is now a Bi-metallist. See *N.Y. Century*, April, 1893.

‡ The United Kingdom, Germany, the United States, and the Latin Union.

"The effects of that system, though it was nominally in force only within a limited area, were felt in all commercial countries, whatever their individual systems of currency might be; and the relative value of the two metals in all the markets of the world was practically identical with that fixed by the legislation of the countries forming the Latin Union.

"As regards the possibility of maintaining such a system in the future, we need only refer to the conclusion at which our colleagues have arrived in Sec. 107, Part II. (see above), and with which we entirely agree."

Sec. 34. "No settlement of the difficulty, is, however, in our opinion, possible without international action.

"The remedy which we suggest is essentially international in its character, and its details must be settled in concert with the other Powers concerned.

"It will be sufficient for us to indicate the essential features of the agreement to be arrived at; namely, —

- (1) Free coinage of both metals into legal tender money; and
- (2) The fixing of a ratio at which the coins of either metal shall be available for the payment of all debts at the option of the debtor.

Sec. 35. "The particular ratio to be adopted is not, in our opinion, a necessary preliminary to the opening of negotiations for the establishment of such an agreement, and can, with other matters of detail, be left for further discussion and settlement between the parties interested.

"We, therefore, submit that the chief commercial nations of the world, such as the United States, Germany, and the States forming the Latin Union, should in the first place be consulted as to their readiness to join with the United Kingdom in a Conference, at which India and any of the British Colonies which may desire to attend should be represented, with a view to arrive, if possible, at a common agreement on the basis above indicated."

Sec. 36. "We have indicated what appears to us to be the only permanent solution of the difficulties arising from the recent changes in the relative value of the precious metals, and the only solution which will protect this and other countries against the risks of the future."

### Is it desirable?

If to escape from what threatens to be a commercial and social cataclysm be desirable, then assuredly the restoration of silver to its position as money, a position which it has held since the days of Abraham until 1873, and which will enable us to escape this fate, is **desirable**; and if we are not blinded by apathy and indifference, it should be speedily accomplished.

‡ Bi-metallic Commissioners:

Sir Louis Mallet, Rt. Hon. Henry Chaplin, M.P., Sir W. Houldsworth, M.P.,  
Rt. Hon. A. J. Balfour, M.P., Sir D. Barbour, Mr. Saml. Montague M.P.

### Who are our supporters?

The leading living professors of Political Economy in England, Europe, and America; Indian statesmen and finance ministers; the principal exchange bankers and merchants, who have a profound and practical knowledge of the subject; Members of Parliament of all shades of politics, from Mr. A. J. Balfour, Sir W. Houldsworth, and Mr. Chaplin, to Mr. Jacob Bright, Mr. George Howell, Mr. Samuel Smith, Mr. R. L. Everett, Mr. S. Montagu, and Mr. Vesey Knox, some 150 in all; three ex-governors and present directors of the Bank of England; the finance ministers of nearly all the leading nations in the world (Germany and Austria are only waiting England's lead); the manufacturers of Lancashire and Yorkshire, of Dundee, Leith, and Glasgow; the most enlightened agriculturists, like Mr. Heneage, Mr. Clare Sewell Read, and Mr. R. L. Everett; and last, though not least, the leaders of the Trades Unions in Lancashire and elsewhere, Bristol included. The *Manchester Guardian*, the *Manchester Courier*, and the *Financial News*, the editors of which understand the question, are unfortunately the only leading organs in the press as yet on our side.

### Who are our opponents?

The Lombard Street bankers, the gold monopolists and money-lenders, and some highly-paid or highly-pensioned Treasury and Board of Trade officials; the **City** editors of *The Times*, *Standard*, *Daily News*, *Economist*, and *Statist*, whose purview of this subject is, as Professor Foxwell said, limited to the next settling-day on the Stock Exchange, and whose insignificance is sheltered under the anonymous editorial "we;" but who, if they signed their venomous articles, would be appraised at their true value against such authorities as Professors Foxwell, Nicholson, and Sidgwick, Sir Louis Mallet, Sir D. Barbour, Mr. H. H. Gibbs, Mr. Grenfell, and Sir William Houldsworth.

### What are the objections?

#### That it is Protection in disguise.

The active advocacy of so many devoted adherents of

Mr. Gladstone—Radical Free-traders to a man—and the calm and logical support of Cobden's great colleague, the lamented Sir Louis Mallet, are a sufficient answer to this baseless allegation. So far from being Protection in disguise, the Bi-metallic propaganda seeks to break down the gold monopoly and to emancipate the producers of the world from the crushing tyranny which King Gold is exercising over their brains and muscles, to establish free exchange between gold, silver, and commodities, and to give free play to those economic forces which the *boycotting of silver* and the *protection of gold* have for twenty years suspended.

**That low prices are an unmixed blessing** to the working classes, and that if the rehabilitation of silver means a higher level of prices it will be to their injury.

This is the most plausible of the objections, and is, in my opinion, the only one entitled to respectful consideration. But let me summon witnesses from amongst the working classes themselves on this point. I will read extracts from speeches delivered in the Foreign Office in my hearing by trusted leaders of the Trades Unions, representing the most intelligent and best educated operatives and artisans in Lancashire and elsewhere—men who have mastered this question, and who speak with a full appreciation of responsibility to their fellow-workers:

"MR. GEORGE D. KELLEY (Manchester and Salford Trades Council): My Lord,—I have been asked to speak upon this subject with reference to its action upon the working classes. I have been connected with labour organisations for the last twenty-three years, and my experience is that we have been fairly able to hold our own at the ordinary rate of contribution up to the last ten or twelve years. Since that time our funds have been very much called upon and strained, and many trades have had to increase their contributions to meet the large demands made upon their resources. I do not speak for one trade alone. I am also secretary to another association, which represents something like 20,000 members; and, without exception, I can say that the whole of those trades have suffered in a similar degree. The number of men out of employ in some trades has increased from 5 to 50 per cent. of the membership, and the large amount paid out from year to year on this account has caused such a drain upon the funds of the organisations that it has actually become a serious matter for consideration what steps shall be taken to con-

time in the future these trade societies which have had such a beneficial effect upon trade and the workpeople in the past. This question having been brought before us, and knowing the state of trade, we were ready to listen, in the first instance, to almost anything that gave better promise for the future; but though we were ready to listen, we took every precaution, in considering the remedies which were proposed to us, to look at them in all their bearings. When Bi-metallism was brought to our attention, we acquired all the information we could on the subject, so far as our humble means would allow, and the result of our discussions was a resolution by the Council in favour of Bi-metallism, and another resolution calling upon the Bi-metallic League to hold a series of meetings to educate the masses upon the subject. That is the position of the Manchester and Salford Trades Council to-day. We have something like thirty trades in connection with the organisation, all of which, I believe, are affected by this question; and after giving the matter due consideration, we believe that the return to a fixed ratio between gold and silver would have such an effect upon trade that we should benefit as well as the manufacturers."

"Mr. J. MAWDSLEY (United Textile Factory Workers' Association and the Amalgamated Association of Operative Cotton Spinners): My Lord,—Sir W. Houldsworth has told you how the employers are affected by the appreciation of gold. The same arguments apply to the section of the community which I represent. Since the demonetisation of silver in 1873 the condition of the working classes may be said to have been stationary. In 1875 the workmen in England, taken as a class, were perhaps in the best position they ever held in modern times. Since then, in several occupations, some of them of very large extent, wages have decreased; in others, amongst which I may class my own occupation, the wages actually earned have remained stationary, but for these wages an additional amount of work has had to be produced. Under the normal state of things, such as we consider existed prior to the demonetisation of silver in 1873, our wages would have gone up, and for the increased production we should have obtained an increase in our earnings. Since 1875, however, this has not been the case. The actual prices paid for production are 10 per cent. less than they were in 1875, and the actual wages earned are as nearly as possible the same as they were in that year. When we find that for a very considerable period this state of things has not been altered, notwithstanding the fact that during a part of that time we have had now and again a little moderate trade, and now and again glimpses of sunshine in the way of profit, I think you will agree with us that there is sufficient cause for inquiry. For a considerable time, before the inauguration of the Bi-metallic League, we had been inquiring into the currency question, and before the organisation was started we had arrived at precisely the same conclusions as they have now reached. We are told that the demonetisation of silver has led to a decrease in prices, and that if any one derives any advantage from decreased prices it is the working classes themselves. We are asked, 'What is the advantage

of having better wages if prices go up in a corresponding ratio?' We are not ashamed or afraid of facing that very pertinent question. A large proportion of the working men have by this time become thoroughly convinced that this theory of cheap goods is not in all respects conducive to their advantage. *Cheapness is of no service to them, if, for example, an article costs a shilling, and the would-be purchaser has only eightpence with which to pay for it.* The workman would be much better off if the article cost 1s. 3d. and he had 1s. 6d. with which to pay. It is the non-producers, we hold, who are getting the benefit of the present cheap prices of manufactured commodities, and by the non-producers we mean those who are consumers only. We do not use the term as including employers, or in fact any person engaged in industrial enterprises. We regard the employers and the employed in this matter as being in the same boat. They must, in fact, sink or swim together. There are, perhaps, persons representing one-sixth—it may be one-tenth—part of the community—I do not know how many exactly—who from their position in life are large consumers. *These people produce nothing, and at the same time consume largely, and they greatly benefit by the present state of affairs; but I hold that when a workman who is earning, say, £1 a week, gets 5s. a week less than he ought to under normal conditions, he only saves, say, 2s. 6d. by the decreased price of commodities, the other 2s. 6d. going to the non-producers.* It is to the interest of all engaged in industrial pursuits that some action should be taken in this matter, and we hope ere long we shall see the British Government coalescing with the Governments of other commercial nations with a view of finding a basis for remonetising silver."

"Mr. THOMAS BIRTWISTLE, Blackburn (The Weavers' Association and the United Textile Factory Workers' Association): My Lord,—Our case has been so ably put by Mr. Kelley and Mr. Mawdsley that it is unnecessary for me to add more than a few words. I may say, however, that we have had this question under our consideration for some time, perhaps as long as, if not longer than, the Bi-metallic League has been in existence, and we are deeply impressed with its urgency. The society which I represent numbers some 50,000 members, and at a recent council meeting a resolution was unanimously passed which, I think, will fully explain our views upon the subject. It was as follows: 'That the interest of those engaged in the manufacturing industries of Great Britain demands the freest interchange of trade between all countries, and it is, therefore, essential that the moneys of the gold and silver-using peoples of the world should have a fixed and definite ratio established between them, so as to remove one of the present great hindrances to trade.' No doubt the question is a difficult one, and one that will require much consideration; but I hope you will not only consider it, but get to work at once."

"Mr. J. J. HARRIS (Newcastle and Gateshead Trades Council): My Lord,—Coming as I do from the great northern centre of the engineering, mining, and shipbuilding industries, I beg to state, in support of the previous speakers, that during the past three years we have held three public meetings in Newcastle, at each of which

resolutions have been unanimously carried by hard-headed men of Northumberland in favour of Bi-metallism. If further proof was wanted of the interest taken by the working classes in this question, I would point to the resolution passed by my own Council some twelve months ago, and confirmed within the last two months, which declared that a fixed ratio between gold and silver by international agreement would be to the benefit of the industrial classes of this country. We are of opinion that whatever cripples the commercial interests must necessarily cripple the industrial classes, and we earnestly hope that Her Majesty's Government will see their way to taking some action in this matter."

"Mr. JOHN FOX (Bristol and District Trade Council): My Lord Salisbury and Gentlemen,—I have no intention of attempting to argue this question here to-day. I am simply here to represent to your lordship the opinions and feelings of the Trade and Labour Council of the Bristol district, representing 15,000 persons engaged in the organised trades of Bristol. They have been much interested in the question, and recently they passed a resolution which I will ask your indulgence to be allowed to read. This is a resolution which they unanimously adopted: 'That this Council, having considered the currency question, are of opinion that the establishment of a stable par of exchange between the moneys of the gold and silver-using countries of the world is worthy of the support of the industrial classes of this country, as such reform would have a tendency to remove a monopoly operating to the disadvantage of labour.' I may say, my lord, that the Trades Council of Bristol are as much or more interested in this question to-day than they were when they passed that resolution, and that they have instructed Mr. Vincent, Mr. Curle, and myself to come here and place this resolution before Her Majesty's Government, asking them to devise some means to relieve us from the distress caused by the non-settlement of this question, which we are here to bring before you to-day."

These and similar speeches delivered by other leaders of the working classes, I submit, are a sufficient answer to this objection.

**That gold cannot be scarce, seeing the rate of interest is so low.**

But gold, while being *dear to buy*, the producer having to give more and more of his commodities in exchange, is *cheap to borrow*, because trade and commerce being unprofitable money cannot be employed to advantage; and with falling prices less is needed for carrying on business.

Therefore gold is dear to buy and cheap to borrow, paradoxical though it may seem.

Contrariwise, if trade is profitable and prices rising, the

producer gets more gold for his commodities, and the lender of money (which can be used to advantage by the borrower) gets higher interest. Thus both parties thrive.

**That the values of no two commodities differing in substance can be fixed in relation to each other.**

Bi-metallism does not propose to do this. It merely proposes that the two metals, gold and silver, shall be admitted to free coinage at the mints as of old at an agreed ratio; and experience proves, as is admitted by the Mono-metallic members of the Royal Commission, sec. 107, "the market value of silver as measured by gold would conform to that ratio, and not vary to any material extent."

**The law of supply and demand will regulate this.**

Who, with an open mint where he could get his silver or his gold coined at a fixed ratio, would be such a fool as to sell either the one or the other at less than the mint price? And as the mint would be compelled to coin all the metal brought to it, the demand would be always equal to the supply, no matter how great that might be, and the process would be automatic. Will any man now sell gold at less than £3 17s. 9d.\* per ounce? and would he ever sell silver at a lower rate than the mint price either? The answer is, of course, "No."

**That it is for the benefit of the silver miners in the United States.**

If this *were* so it would also apply to the silver miners in Australia, where there is an immense production of silver now; but it would only be an insignificant incident in a great general improvement, and it is as ridiculous to urge it as a valid reason as it would be to object to the making of a line of railway connecting two great cities, because, forsooth, it would incidentally benefit the owners or occupiers of the land through which it passed.

\* The Bank of England always takes gold at £3 17s. 9d. per ounce; the mint's price is £3 17s. 10½d., the difference being to repay the bank for loss of interest, &c., during the period of coining.

But this assertion is positively ludicrous in face of the statement made at the Brussels Conference in December last by Professor Andrews, of Rhode Island, the special representative of President Cleveland, and confirmed by Mr. Allison, who said that "the total value of the silver produced in the U.S.A. in 1891 was 50 million dollars, while the value of the products of the farms, the woods and forests, the manufactories and works, was 13,000 million dollars—hay alone being, in 1890, 408 million dollars; wheat, 320 million dollars; cotton, 220 million dollars, &c.; so the silver formed only  $\frac{1}{1000}$  of the total sum of the annual output in the States;" and of the declaration of our esteemed fellow-citizen, Mr. Lathrop, the United States Consul, who, in 1887, said at the Merchants' Hall:

"The advocacy of the double standard by the Americans is held in England to be somewhat tainted, as they are supposed to be holding a brief for their silver miners. No idea could be more erroneous! Nothing could be more absurd, as the following figures will show: The maize crop of the United States in 1883—if I had known that the honour was to be done me of asking me to second this vote I should have prepared later figures, but these will illustrate my point just as well—was 1,500 million bushels; its value was 658,000,000 dollars. At the price of twelve years before this a crop would have been worth 810,000,000 dollars. Here, then, is a loss to the farmers on one only of his products of 150,000,000 dollars, through depreciated value. The loss on wheat amounts to about 50,000,000 dollars. On two stable commodities we have, then, a depreciation of 200,000,000 dollars. It is unnecessary for me to multiply instances, so I will only suggest that what is true of corn and wheat is true of other kinds of grain, of cattle, of manufactured articles; and that the loss to producers through depreciated values amounts to hundreds of millions each year. How does the loss on silver compare? The production in 1883 was somewhere about 47 million ounces, valued at 41,000,000 dollars. Had these ounces realised 55s. each—the price of twelve years since—the value would have been about 51,000,000 dollars. Here, then, we have a loss of 10 millions—only one-fifteenth of the loss on maize, one-fifth of the loss on wheat—only a drop in the bucket as compared with the sum total of shrinkage in value of commodities. Hence the United States has no special and peculiar interest in this question. It has suffered just as you have suffered, and from the same causes, and it asks your co-operation in providing a remedy by rehabilitating silver."

And it assumes the self-evident absurdity that the manufacturers and operatives of Lancashire are quixotic enough

to injure themselves for the benefit of a handful of mine owners 4,000 miles away with whom they have no connection whatever.

**That we are a creditor nation, and that the more produce we receive for interest on our loans the better; therefore the fall of prices is to our advantage.**

But, surely, if creditors press their debtors too hard they run the risk of losing both interest and principal; and that this danger is not so very remote, if gold continues to appreciate, we have again the evidence of a hostile witness, the *Statist*, which, in an article on the New Year, says: "The New Year has opened in gloom, and there is little likelihood of improvement while the silver crisis hangs over us. On the Continent we fear that the outlook is very gloomy. In Germany there is great depression; in Russia there are signs everywhere of decomposition; Italy is rushing headlong to insolvency; Spain is on the very eve of bankruptcy; Portugal is already in default. Upon the Continent, then, the year is likely to be one of intense trade depression, of credit paralysis, of political apprehension and disquiet, of national insolvency, and of intense discouragement."

I commend this passage to those who adduce the "creditor nation" argument for their serious consideration.

**That we should have to carry our silver in wheelbarrows or carts to pay our debts.**

Now, sir, I am informed on excellent authority that 98 per cent. of all money transactions in this country is effected by notes, cheques, bills, drafts, &c., and that only 2 per cent. is discharged in gold and silver. It is the opinion of the best informed authorities that under a Bi-metallic law there would be no change whatever in this mode of payment, and the only difference would be that silver would form a portion of the reserve against which Bank of England notes would be issued.

It is true that Mr. A. de Rothschild said in Brussels that

the shipment of a million sterling in gold meant the handling of only 10 tons, while a million in silver meant 200 tons, and he characterised the latter as inconvenient. But I am authorised to say that the shipment of a million in silver is not an unknown occurrence, that the P. and O. Company entertain no objection to take charge of it, and that as the cost of freight and insurance of the precious metals is calculated on the *value* and not on the weight, there need be no difference whatever in dealing with one or the other.

**That gold is suitable for advanced nations and silver for backward ones.**

But what of the United States of America, who are in the same breath advised to go on a silver basis for our benefit? Are they a backward nation? He would be a bold, not to say a rash, man who ventured to say this of the most progressive and probably the richest nation under the sun.

**That it is undesirable for Governments to tamper with the currency, and that silver should find its natural value.**

But Governments have always tampered with the currency when it was necessary or desirable to do so. The history of the world abundantly proves this, and our own country is no exception to the rule, as witness 1816, when gold was adopted as the standard, the ancient standard being *silver and gold* for centuries. If gold were demonetised as silver has been, what would its "*natural*" value be? Probably 30s. an ounce or less! It has no more *intrinsic* value, except relatively, than silver or any other commodity; but as *money* it has an *added value* as legal tender for payment of debts. So had silver till 1873 *internationally*—and has *internally* at the present time in most countries,—and it is nonsense to speak of silver falling to its *natural value* so long as it is a money metal at all. If silver were remonetised, its value would be enhanced, just as the value of gold is, by the enormously increased—in fact, insatiable—demand for agecoin.

**That it would be an injustice to Creditors to pay debts in a depreciated currency, i.e. silver.**

But silver would *not* be a depreciated currency, and why should the creditor alone be considered? The debtor, *i.e.* the producer, has for twenty years been compelled to give from 25 to 40 per cent. more than he bargained for of the products of his farm, his mill, or his factory in payment of his fixed debts, such as rent, rates, taxes, interest on mortgage, or on borrowed capital. But I deny that the creditor in this country would suffer any more than the creditor in France who never troubles himself because his 1,000 franc note is payable in gold or silver, both being equally good as legal tender, and therefore equally efficient in the purchase of goods or the discharge of debt.

**That we should be flooded with silver.**

Gentlemen, there is no surplus stock of silver—there is never £50,000 worth of surplus silver in London. This I say on the authority of the principal bullion dealers in the kingdom. The visible stock in New York, which was 7,000,000 ounces three years ago, is now less than 600,000 ounces. Every ounce of silver in the vaults of the Treasuries in Washington and New York is in active circulation in the shape of silver certificates, just as every ounce of gold in the vaults of the Bank of England is in active circulation in the form of bank notes. Nor is there any *surplus* stock in Paris, Berlin, or elsewhere that I can hear of; all is in active circulation, either as coin or in notes representing coin.

**As to its production,** that is already falling off. The report of Mr. Valentine, president of the Wells Fargo Express and Banking Company, shows a reduction of £2,000,000 in the value of the silver produced in 1892 in the United States. But even if it increased I should hail it with satisfaction, because the needs of the increasing populations of the world will demand all the silver that can be produced; and further, to a large extent the production of gold depends on the output of silver, both being found in the same lodes and only divided in the crucible: the Comstock silver mines

producing out of a total of 80 millions of silver ore 40 millions of gold.

**That we should lose our gold and have only silver left.**

I ask how could that possibly happen under an international agreement? Where would our gold go to? Who would buy it, and with what? for something must be given in exchange for it. Surely not to China or the South American Republics, whose currency is silver; nor to any of the nations forming the League, who would have no earthly motive for desiring to obtain it! In fact, the probable effect of such a league would be to reduce the movements of bullion from country to country to a minimum.

There would be no room for the operation of what is known as the "Gresham Law," by which the cheaper metal drives out the dearer; as neither metal could be cheaper or dearer within the limits of such an all-embracing league. And further, under the Bi-metallic Law we could refuse to part with gold *if necessary*, as the Bank of France does now.

This brings me, finally, to say a word or two upon our much-vaunted gold standard and upon that monument of wisdom the Bank Act of 1844! Under that Act, we can only protect our slender stock of gold, the *metallic basis upon which the thousands of millions of our credit is built like an inverted pyramid*, by raising the Bank rate of discount. So that the withdrawal of a million or two from the Bank fines the whole of our merchants, manufacturers, and traders a half or one per cent.; while the loss of four or five millions upsets the stock markets and causes such nervous apprehension that Mr. Goschen said he confessed to a feeling of shame at the panic which such a withdrawal produced, and he sought, but unsuccessfully, to increase the gold reserves by a proposal to issue £1 notes, and to extract "from the waistcoat-pockets" of the community the sovereigns and half-sovereigns, which these notes were intended to replace—"a pill to cure an earthquake."

Compare this undignified position of what we proudly call the only free gold market in the world with that of the Bank of France, which in the Baring crisis kindly lent us three millions of gold to allay the fever of apprehension which pervaded London until its arrival; and without which we should, according to the highest authorities, have had a panic which would have shaken our financial and credit institutions to their foundations, and have wrought wholesale ruin amongst the community.

We heard much about America losing her gold twelve months ago; but she spared 12 millions sterling, thanks to her abundant currency, without wincing: while the loss of 12 millions of our gold would bring about a panic to which that of 1866 would be mere child's play.

America is again losing her gold. It is passing by us and finding its way to France, Germany, and Austria; the price being above our Mint rate. What that portends, unless it is the inevitable scramble for gold of which the *Statist* warned us last week, I cannot, of course, presume to say. That America will continue to part with it is more than doubtful: and if, as is threatened, she issues gold bonds, I fear we shall find the drain upon her will be transferred to us; and how can we withstand it, except by raising the Bank rate to such a figure as will punish the trading and mercantile classes in this country beyond endurance?

Gold is not the cause of our commercial pre-eminence, it is only its symbol; and if we **must worship the Golden Calf**, let us at least have a calf of good and comely proportions, one comparing favourably with our neighbours'.

But our Golden Calf is a puny one, as the following comparison will show:\*

|                        | Gold.             | Silver.     | Total.       |
|------------------------|-------------------|-------------|--------------|
| The Bank of France     | holds 66 millions | 51 millions | 117 millions |
| Russian State Bank     | 96                | —           | 96           |
| United States Treasury | 48                | 91          | 139          |
| New York National Bank | 15                | 1 million   | 155          |
| Bank of Germany        | 37                | 12 millions | 49           |
| Bank of England        | 26                | —           | 26           |

The result is that our money market is the most unsteady

\* *Gold and Silver Money.* J. M. Douglas.

of any great country. as is evidenced by the following Table:

|                     | Discount Rate during<br>10 Years, 1875-84. |          | Discount Rate during<br>7 Years, 1885-91. |          |
|---------------------|--------------------------------------------|----------|-------------------------------------------|----------|
|                     | Changes.                                   | Average. | Changes.                                  | Average. |
| Bank of England ... | ... 66 ...                                 | £3 3 11  | ... 59 ...                                | £3 8 4   |
| Bank of France ...  | ... 13 ...                                 | 3 2 1    | ... 6 ...                                 | 3 0 4    |
| Bank of Holland ... | ... 22 ...                                 | 3 7 0    | ... 8 ...                                 | 2 13 1   |

I have, I fear, wearied you, but the subject is so vast and many-sided that it is impossible to condense it into a small compass; and, as it is, I have only touched very lightly upon some of the various phases of a question of such tremendous importance that it cannot with safety be neglected by England any longer.

If I have succeeded in arousing an interest in it on your part, I shall feel amply rewarded, and for my shortcomings I crave your kind indulgence.

Let me conclude by quoting a weighty passage from Allison's *History of Europe*, which I commend to your thoughtful consideration:

"The two greatest events that have occurred in the history of mankind have been directly brought about by a contraction and, on the other hand, an expansion of the circulating medium of society. The fall of the Roman Empire, so long ascribed, in ignorance, to slavery, heathenism, and moral corruption, was in reality brought about by a decline in the silver and gold mines of Spain and Greece. And, as if Providence had intended to reveal in the clearest manner the influence of this mighty agent on human affairs, the resurrection of mankind from the ruin which those causes had produced was owing to a directly opposite set of agencies being put in operation. Columbus led the way in the career of renovation; when he spread his sails across the Atlantic, he bore mankind and its fortunes in his barque. The annual supply of the precious metals for the use of the globe was tripled; before a century had expired the prices of every species of produce were quadrupled. The weight of debt and taxes insensibly wore off under the influence of that prodigious increase. In the renovation of industry the relations of society were changed, the weight of feudalism cast off, the rights of man established. Among the many concurring causes which conspired to bring about this mighty consummation, the most important, though hitherto the least observed, was the discovery of Mexico and Peru. If the circulating medium of the globe had remained stationary, or declining, as it was from 1815 to 1849, from the effects of the South American revolution and from English legislation, the necessary result must have been that it would have become altogether inadequate to the wants of man: and not only would

industry have been everywhere cramped, but the price of produce would have universally and constantly fallen. Money would have every day become more valuable: all other articles measured in money less so; debt and taxes would have been constantly increasing in weight and oppression. The fate which crushed Rome in ancient, and has all but crushed Great Britain in modern times, would have been that of the whole family of mankind. All these evils have been entirely obviated, and the opposite set of blessings introduced, by the opening of the great treasures of Nature in California and Australia."

## APPENDIX.

### Production of the Precious Metals and Ratio of Value, in Periods, from 1580 to 1891. (Reprinted from the *Financial News*, 2nd September, 1892.)

To the Editor of the "FINANCIAL NEWS."

Sir,—Sufficient attention has not, I think, been drawn to an interesting essay, contributed by Mr. John H. Norman to the *London Chamber of Commerce Journal*, on the production of the precious metals. It is founded to some extent on the United States Mint Report for the year 1891, and is evidently intended, from a mono-metallist point of view, to show the overwhelming nature of the supply of silver. I venture to think, however, that the impartial reader will draw from it precisely the opposite conclusion, and I desire to call attention to the significance of the facts.

The figures given by Mr. Norman show that from 1873 to 1891 the production of silver relatively to gold has gradually grown from the proportion of 13.50 of silver to 1 of gold to 23.60 of silver to 1 of gold. He states that, according to the most reliable information he

has been able to obtain, gold and silver were produced in the following proportions:

|                          |      |     | Gold.<br>Cwt. | Silver.<br>Cwt. |
|--------------------------|------|-----|---------------|-----------------|
| For 98 years ending 1880 | ...  | ... | 11,926        | 283,965         |
| " 100 "                  | 1880 | ... | 16,591        | 761,634         |
| " 100 "                  | 1780 | ... | 34,594        | 999,301         |
| " 50 "                   | 1830 | ... | 15,521        | 717,671         |
| " 50 "                   | 1880 | ... | 123,070       | 1,073,712       |
| " 5 "                    | 1885 | ... | 14,948        | 257,500         |
| " 6 "                    | 1891 | ... | 20,442        | 429,537         |

Or for a period of 409 years in the proportion of 18.7 of silver to 1 of gold. He, however, omits to give the proportions in each of the periods into which the 409 years are subdivided, which are as follow:

|                      |      |     |       |              |
|----------------------|------|-----|-------|--------------|
| 98 years ending 1880 | ...  | ... | 23.80 | to 1 of gold |
| 100 "                | 1880 | ... | 45.90 | " 1 "        |
| 100 "                | 1780 | ... | 26.30 | " 1 "        |
| 50 "                 | 1830 | ... | 46.20 | " 1 "        |
| 50 "                 | 1880 | ... | 8.73  | " 1 "        |
| 5 "                  | 1885 | ... | 17.20 | " 1 "        |
| 6 "                  | 1891 | ... | 21.00 | " 1 "        |

It will be observed that the low proportion of 18.7 for the 409 years is entirely due to the influence of the figures of the 50 years from 1831 to 1880, during which so much gold was obtained from Australia and California that the proportion fell to 8.73 of silver to 1 of gold. Taking only the first 348 years, the proportion shows an average of 34 of silver to one of gold, and we may therefore safely conclude that the production of silver at the present rate of 23.6 to 1 of gold is not at all in excess of the needs of the world.

It may be asked why, under these circumstances, silver seems "a discredited metal." Those acquainted with the facts will be aware that the position of silver is entirely the result of hostile legislation. If the second great precious metal had an equal chance in serving monetary purposes with gold, which is being more and more extensively protected by legislation and artificially enhanced in value, we should not be suffering from such fluctuating divergences in the relative values of the two metals and corresponding and consequent world-wide dislocation of trade.—Yours, &c.,

H. T. GADDUM.

57 Brown Street, Manchester,  
August 31st, 1892.

### Production of Silver and Gold and their Ratio of Value to each other.

| DATE.     | RATIO.<br>(Silver to<br>1 of Gold.) | PRODUCTION-MILLIONS. |                   |                      | COMMERCIAL<br>VALUE.                        |                                    |
|-----------|-------------------------------------|----------------------|-------------------|----------------------|---------------------------------------------|------------------------------------|
|           |                                     | GOLD.                | SILVER.           |                      | Proportion<br>of Gold to<br>Silver,<br>1 to | Total of<br>Gold<br>and<br>Silver. |
|           |                                     |                      | Coining<br>Value. | Commercial<br>Value. |                                             |                                    |
| 1801—1810 | 15.61                               | £                    | 2.6               | 7.7                  | ...                                         | £                                  |
| 1811—1820 | 15.51                               |                      |                   |                      |                                             |                                    |
| 1821—1830 | 15.80                               | 1.6                  | 3.6               | ...                  | 2.25                                        | 5.2                                |
| 1831—1840 | 15.67                               | ...                  | ...               | ...                  | ...                                         | ...                                |
| 1841—1850 | 15.83                               | ...                  | ...               | ...                  | ...                                         | ...                                |
| 1850      | 15.80                               | 5.4                  | 7.8               | ...                  | 1.44                                        | 13.2                               |
| 1851      | 15.83                               | 8.9                  | 7.8               | ...                  | 0.88                                        | 16.7                               |
| 1851      | 15.46                               | 13.5                 | 8.0               | ...                  | 0.59                                        | 21.5                               |
| 1852      | 15.57                               | 36.6                 | 8.1               | ...                  | 0.22                                        | 44.7                               |
| 1853      | 15.33                               | 31.1                 | 8.1               | ...                  | 0.26                                        | 39.2                               |
| 1854      | 15.33                               | 25.5                 | 8.1               | ...                  | 0.32                                        | 33.6                               |
| 1855      | 15.36                               | 27.0                 | 8.1               | ...                  | 0.30                                        | 35.1                               |
| 1856      | 15.33                               | 29.5                 | 8.2               | ...                  | 0.28                                        | 37.7                               |
| 1857      | 15.27                               | 26.7                 | 8.1               | ...                  | 0.30                                        | 34.8                               |
| 1858      | 15.36                               | 24.9                 | 8.1               | ...                  | 0.32                                        | 33.0                               |
| 1859      | 15.21                               | 25.0                 | 8.2               | ...                  | 0.33                                        | 33.2                               |
| 1860      | 15.30                               | 23.0                 | 8.2               | ...                  | 0.34                                        | 32.1                               |
| 1861      | 15.47                               | 22.8                 | 8.5               | ...                  | 0.37                                        | 31.3                               |
| 1862      | 15.36                               | 21.6                 | 9.0               | ...                  | 0.42                                        | 30.6                               |
| 1863      | 15.38                               | 21.4                 | 9.8               | ...                  | 0.46                                        | 31.2                               |
| 1864      | 15.40                               | 22.6                 | 10.3              | ...                  | 0.45                                        | 32.9                               |
| 1865      | 15.33                               | 24.0                 | 10.4              | ...                  | 0.43                                        | 34.4                               |
| 1866      | 15.44                               | 24.2                 | 10.1              | ...                  | 0.42                                        | 34.3                               |
| 1867      | 15.57                               | 22.8                 | 10.8              | ...                  | 0.48                                        | 33.6                               |
| 1868      | 15.60                               | 22.0                 | 10.0              | ...                  | 0.45                                        | 32.0                               |
| 1869      | 15.60                               | 21.2                 | 9.5               | ...                  | 0.48                                        | 31.7                               |
| 1870      | 15.60                               | 21.4                 | 10.3              | ...                  | 0.45                                        | 30.7                               |
| 1871      | 15.59                               | 21.4                 | 12.2              | ...                  | 0.37                                        | 33.6                               |
| 1872      | 15.63                               | 19.9                 | 13.1              | ...                  | 0.66                                        | 33.0                               |
| 1873      | 15.93                               | 19.2                 | 16.3              | 16.4                 | 0.85                                        | 35.6                               |
| 1874      | 16.18                               | 18.1                 | 14.3              | 14.1                 | 0.78                                        | 32.2                               |
| 1875      | 16.59                               | 19.5                 | 16.1              | 15.5                 | 0.79                                        | 35.0                               |
| 1876      | 17.89                               | 20.7                 | 17.5              | 15.6                 | 0.75                                        | 36.3                               |
| 1877      | 17.21                               | 22.8                 | 16.2              | 15.0                 | 0.66                                        | 37.8                               |
| 1878      | 17.95                               | 23.8                 | 19.0              | 16.9                 | 0.71                                        | 40.7                               |
| 1879      | 18.41                               | 21.8                 | 19.2              | 16.6                 | 0.76                                        | 38.4                               |
| 1880      | 18.06                               | 21.3                 | 19.3              | 17.1                 | 0.80                                        | 38.4                               |
| 1881      | 18.25                               | 20.6                 | 20.4              | 17.9                 | 0.87                                        | 38.5                               |
| 1882      | 18.28                               | 20.4                 | 22.3              | 19.6                 | 0.96                                        | 40.0                               |
| 1883      | 18.66                               | 19.0                 | 23.0              | 19.7                 | 1.04                                        | 38.7                               |
| 1884      | 18.64                               | 20.3                 | 21.1              | 18.1                 | 0.89                                        | 38.4                               |
| 1885      | 19.40                               | 21.6                 | 23.7              | 19.5                 | 0.90                                        | 41.1                               |
| 1886      | 20.81                               | 21.2                 | 24.1              | 18.5                 | 0.87                                        | 39.7                               |
| 1887      | 21.15                               | 21.0                 | 24.8              | 18.8                 | 0.89                                        | 39.8                               |
| 1888      | 22.01                               | 21.9                 | 28.4              | 20.6                 | 0.94                                        | 42.5                               |
| 1889      | 22.10                               | 24.6                 | 32.4              | 23.4                 | 0.95                                        | 45.0                               |
| 1890      | 19.59                               | 24.0                 | 34.7              | 28.2                 | 1.17                                        | 52.2                               |
| 1891      | 20.73                               | 25.0                 | 37.1              | 28.3                 | 1.13                                        | 53.3                               |
| * 1892    |                                     |                      |                   |                      |                                             |                                    |

\* On September 1st, 1892, the Ratio of Silver to Gold was 24.5 to 1.

During this period the French Mint was open to the public for the coining of both metals at the ratio of 15½ ounces of Silver to 1 ounce of Gold.

### Average Gold Prices of Commodities and of Silver

Calculated by AUGUSTUS SAUERBECK, Esq., of 3 Moorgate Street Buildings, E.C., London, in his long and elaborate paper on "Prices of Commodities and the Precious Metals" (*Journal of Statistical Society*, September, 1886), and continuation of it (*Journal of Statistical Society*, March, 1892). The commodities are the 45 leading articles of Commerce, or thereabouts, valued separately, but classified under six general heads: "Vegetable Food," "Animal Food," "Coffee, Sugar, and Tea," "Minerals" (chiefly Metals and Coals), "Textiles," and "Sundry Materials" (such as Cotton, Flax, Hemp, Jute, Wool, Silk, Oil Seeds, Petroleum, Chemicals, Indigo, Timber). The lists and valuations show the greatest care, and are accepted generally as absolutely reliable. Mr. Sauerbeck decidedly recognises the appreciation of gold. His evidence and statistics in the Report of Gold and Silver Commission and its Appendix are valuable.

|      | Vegetable Food (Corns, Meat, &c.) | Animal Food (Meat, &c.) | Sugar, Coffee and Tea. | Total Food. | Minerals. | Textiles. | Sundry Materials. | Total Materials. | Grand Total. | Silver. |
|------|-----------------------------------|-------------------------|------------------------|-------------|-----------|-----------|-------------------|------------------|--------------|---------|
| 1846 | 106                               | 81                      | 98                     | 95          | 92        | 77        | 86                | 85               | 89           | 95.5    |
| '47  | 129                               | 88                      | 87                     | 105         | 94        | 78        | 86                | 86               | 95           | 98.1    |
| 1848 | 92                                | 83                      | 69                     | 84          | 78        | 64        | 77                | 73               | 78           | 97.8    |
| '49  | 79                                | 71                      | 77                     | 76          | 77        | 67        | 75                | 73               | 74           | 98.2    |
| '50  | 74                                | 67                      | 87                     | 75          | 72        | 78        | 80                | 78               | 77           | 98.7    |
| '51  | 73                                | 68                      | 84                     | 74          | 75        | 75        | 79                | 76               | 75           | 99.9    |
| '52  | 80                                | 69                      | 75                     | 80          | 78        | 84        | 81                | 78               | 78           | 99.9    |
| '53  | 100                               | 82                      | 87                     | 91          | 105       | 87        | 101               | 97               | 102          | 101.2   |
| '54  | 120                               | 87                      | 85                     | 101         | 115       | 88        | 109               | 104              | 108          | 101.1   |
| '55  | 120                               | 87                      | 80                     | 101         | 109       | 84        | 109               | 101              | 101          | 100.7   |
| '56  | 109                               | 88                      | 97                     | 99          | 110       | 89        | 109               | 102              | 101          | 101.0   |
| '57  | 105                               | 89                      | 119                    | 102         | 108       | 92        | 119               | 107              | 105          | 101.5   |
| 1858 | 87                                | 83                      | 97                     | 88          | 96        | 84        | 102               | 94               | 91           | 101.0   |
| '59  | 85                                | 85                      | 102                    | 89          | 98        | 88        | 107               | 98               | 94           | 102.0   |
| '60  | 99                                | 91                      | 107                    | 98          | 97        | 90        | 111               | 100              | 99           | 101.4   |
| '61  | 102                               | 91                      | 96                     | 97          | 91        | 92        | 109               | 99               | 98           | 99.9    |
| '62  | 98                                | 86                      | 98                     | 94          | 91        | 123       | 106               | 107              | 101          | 100.9   |
| '63  | 87                                | 85                      | 99                     | 89          | 93        | 149       | 101               | 115              | 103          | 101.1   |
| '64  | 79                                | 89                      | 106                    | 88          | 96        | 162       | 98                | 110              | 105          | 100.0   |
| '65  | 84                                | 97                      | 97                     | 91          | 91        | 134       | 97                | 108              | 101          | 100.3   |
| '66  | 95                                | 96                      | 94                     | 95          | 91        | 130       | 99                | 107              | 102          | 100.5   |
| '67  | 115                               | 89                      | 94                     | 101         | 87        | 110       | 100               | 100              | 100          | 99.7    |

### Average Gold Prices of Commodities and of Silver (continued).

|                 | Vegetable Food (Corns, Meat, &c.) | Animal Food (Meat, &c.) | Sugar, Coffee and Tea. | Total Food. | Minerals. | Textiles. | Sundry Materials. | Total Materials. | Grand Total. | Silver. |
|-----------------|-----------------------------------|-------------------------|------------------------|-------------|-----------|-----------|-------------------|------------------|--------------|---------|
| 1868            | 113                               | 88                      | 96                     | 100         | 85        | 106       | 102               | 99               | 99           | 99.6    |
| '69             | 91                                | 96                      | 98                     | 94          | 89        | 100       | 100               | 100              | 98           | 99.6    |
| '70             | 88                                | 98                      | 95                     | 93          | 89        | 106       | 99                | 99               | 96           | 99.6    |
| '71             | 94                                | 100                     | 100                    | 98          | 93        | 103       | 105               | 101              | 100          | 99.7    |
| '72             | 101                               | 101                     | 104                    | 102         | 127       | 114       | 108               | 115              | 109          | 99.2    |
| '73             | 106                               | 109                     | 106                    | 107         | 141       | 103       | 106               | 114              | 111          | 97.4    |
| '74             | 105                               | 103                     | 105                    | 104         | 116       | 92        | 96                | 100              | 102          | 95.8    |
| '75             | 93                                | 108                     | 100                    | 100         | 101       | 88        | 92                | 93               | 96           | 93.3    |
| '76             | 92                                | 108                     | 98                     | 99          | 90        | 85        | 95                | 91               | 95           | 86.7    |
| '77             | 100                               | 101                     | 103                    | 101         | 84        | 85        | 94                | 89               | 94           | 90.2    |
| 1878            | 95                                | 101                     | 90                     | 96          | 74        | 78        | 88                | 81               | 87           | 86.4    |
| '79             | 87                                | 94                      | 87                     | 90          | 73        | 74        | 85                | 78               | 83           | 84.2    |
| '80             | 89                                | 101                     | 88                     | 94          | 79        | 81        | 89                | 84               | 88           | 85.9    |
| '81             | 84                                | 101                     | 84                     | 91          | 77        | 77        | 86                | 80               | 85           | 85.0    |
| '82             | 84                                | 104                     | 76                     | 89          | 79        | 73        | 85                | 80               | 84           | 84.9    |
| '83             | 82                                | 103                     | 77                     | 89          | 76        | 70        | 84                | 77               | 82           | 83.1    |
| '84             | 71                                | 97                      | 63                     | 79          | 68        | 68        | 81                | 73               | 76           | 83.3    |
| '85             | 68                                | 88                      | 63                     | 74          | 66        | 65        | 76                | 70               | 72           | 79.9    |
| '86             | 65                                | 87                      | 60                     | 72          | 67        | 63        | 69                | 67               | 69           | 74.6    |
| '87             | 64                                | 79                      | 67                     | 70          | 69        | 65        | 67                | 67               | 68           | 73.3    |
| '88             | 67                                | 82                      | 65                     | 72          | 78        | 64        | 67                | 69               | 70           | 70.4    |
| 1889            | 65                                | 86                      | 75                     | 75          | 75        | 70        | 68                | 70               | 72           | 70.2    |
| '90             | 65                                | 82                      | 70                     | 73          | 86        | 66        | 69                | 71               | 72           | 78.4    |
| '91             | 75                                | 81                      | 71                     | 77          | 76        | 59        | 69                | 68               | 72           | 74.1    |
| 10m/mths        |                                   |                         |                        |             |           |           |                   |                  |              |         |
| 1892            | 67                                | 84                      | 68                     | 73½         | 72        | 56        | 66                | 64½              | 68½          | 65.4    |
| Average 1882-91 | 71                                | 89                      | 69                     | 77          | 73        | 66        | 71                | 71               | 74           | 77.2    |
| '78-87          | 79                                | 95                      | 76                     | 84          | 73        | 71        | 81                | 76               | 79           | 82.1    |

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